

A G E N D A

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources
1594 W. North Temple
Salt Lake City, Utah

April 19, 2002

8:30 a.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - March 14, 2002
- III. CHAIR'S REPORT
- IV. WATER SUPPLY REPORT NRCS
County
- V. FEASIBILITY REPORTS
 - E061 Ephraim Irr. Co. Sanpete
 - E062 Porcupine Highline Canal Co. Cache
 - E069 New Santa Clara Field Canal Co. Washington
 - E070 Johnson Water District Duchesne
- VI. COMMITMENT OF FUNDS
 - E049 Scipio Irr. Co. Millard
 - E058 Wellsville-Mendon Conservation Dist. Cache
- VII. SPECIAL ITEMS
 - Draper Irr. Co. Salt Lake
 - D745 Sandy Canal Co. Salt Lake
 - D983 Hanna Water & Sewer District Duchesne
(Reauthorization)
- VIII. ELECTION OF OFFICERS
- IX. DIRECTOR'S REPORT
- X. APPOINTMENT OF ADVISORS FOR UCRC AND BRC
- XI. OTHER ITEMS
- XII. NEXT BOARD MEETING - June 14, 2002 - Richfield
- XIII. ADJOURNMENT

BOARD OF WATER RESOURCES**Revolving Construction Fund****Funding Status****April 19, 2002**

Funds Available for Projects This FY	\$ 6,294,000
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Projects Contracted This FY

1 Mona Irr Co	E048	\$	326,000
2 Torrey Irr Co	E054		30,000
3 Red Creek Irr Co	E038		42,500
4 Devil's Pass Water Co	D964		327,000
5 Deseret Irr Co	E056		200,000
6 Grantsville Irr Co	E050		288,000
7 Chalk Creek Narrows Irr Co (Amend)	E019		750,000
8 Ferron Canal & Reservoir Co	D942		850,000
9 Summit Water Distribution Co	D776		1,000,000
10 Herriman Pipeline & Development Co	E055		637,000
11 Leamington Irr Co	E063		68,000
12 Piute Res & Irr Co (Piute Dam)	C022	Grant **	220,000
13 Piute Res & Irr Co (Piute Dam)	C022	Grant **	270,000

Total Funds Contracted	\$ 5,009,000
Funds Balance	\$ 1,285,000

Projects with Funds Committed

1 Parowan West Fields Irr Co	E044	\$	15,200
2 Green River Canal Co	E046		35,000
3 Callao Irr Co	E008		184,000
* 4 Scipio Irr Co	E049		570,000
5 Kays Creek Irr Co (Adams Dam) Amd	C001	Grant **	4,000
Commitments for Dam Safety Studies		**	201,000

Total Funds Committed	\$ 1,009,000
Funds Balance	\$ 276,000

Projects Authorized

1 Beaver Bench Irr Co	D918	\$	280,000
2 Croydon Pipeline Co	D962		35,000
3 North Canyon Irr Co	D955		315,000
4 East Bench Canal Co	E032		256,000
5 Marion Waterworks Co	E053		320,000
6 Deseret Irr Co	E056		520,000
7 Fremont Waterworks Co	E057		150,000
8 Fountain Green Irr Co	E042		212,000
* 9 Porcupine Highline Canal Co	E062		85,000

Total Funds Authorized	\$ 2,173,000
Remaining Funds Available	\$ (1,897,000)

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

April 19, 2002

Funds Available for Projects This FY	\$	1,346,000
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Projects Contracted This FY

1	\$	-
Total Bonds Closed	\$	-
Funds Balance	\$	1,346,000

Funds Committed to Projects

1 Alpine Cove Water SSD	D930	\$	480,000
2 Pleasant Grove City	E003		150,000
3 North Salt Lake City (Amend)	L530		440,000
4 Spanish Fork City	E075		<u>125,000</u>
Total Funds Committed		\$	1,195,000
Funds Balance		\$	151,000

Projects Authorized

* 1 Hanna Water & Sewer District	D983	\$	1,371,000
2 Trenton Town	L534		<u>1,304,000</u>
Total Funds Authorized		\$	2,675,000
Remaining Funds Available		\$	(2,524,000)

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund Funding Status

April 19, 2002

Funds Available for Projects This FY \$ 10,831,000

Projects Contracted/Bonds Closed This FY

1 Nibley City	L525	\$ 125,000
2 River Heights City	L537	839,000
3 Davis & Weber Counties Cnl Co (Ph II)	E035	2,425,000
4 Willard City	L538	425,000
5 Alpine City (Bond Ins Grant)	E051	75,000
6 Tooele City (Bond Ins Grant)	E052	80,000
7 Weber Basin WCD (Secondary Irr, Ph I)	E029	531,000
8 Nordic Mountain Water, Inc. (Amend)	E007	293,000
9 Ferron Canal & Reservoir Co	D942	1,150,000
10 Summit Water Distribution Co	D776	2,000,000
11 Morgan Secondary Water Association	E031	<u>2,790,000</u>

Total Funds Contracted/Closed	\$ 10,733,000
Funds Balance	<u>\$ 98,000</u>

Funds Committed to Projects

1 Wellsville-Mendon Conservation District	E058	\$ 192,000
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Total Funds Committed	\$ 192,000
Funds Balance	<u>\$ (94,000)</u>

Projects Authorized

1 Uintah WCD (Red Wash)	D730	\$ 1,940,000
2 Strawberry High Line Canal Co	D976	3,187,000
3 Kanab Irr Co	D968	62,000
4 Center Creek Culinary Water Co	E020	450,000
5 Ivins City	L533	440,000
6 Uintah WCD (Island Ditch)	E036	720,000
7 Mountain Regional Water SSD	E040	1,675,000
8 Price City	L540	3,750,000
9 Midway Irr Co	E064	2,414,000
10 Town of Brian Head	L541	1,700,000
11 Magna Water Co an Improvement District	E068	700,000
* 12 New Santa Clara Field Canal Co	E069	930,000
* 13 Johnson Water District	E070	659,000
* 14 Ephraim Irr Co	E061	<u>1,155,000</u>

Total Funds Authorized	\$ 19,782,000
Remaining Funds Available	<u>\$ (19,876,000)</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

April 19, 2002

ADDITIONAL ACTIVE PROJECTS	Fund	Est. Board Cost	Total Cost
Authorized or Committed Projects			
1 Davis & Weber Counties Cnl Co (Ph 4)	D674 C&D	\$ 10,925,000	\$ 12,853,000
2 Carbonville Ditch Co	D887 RCF	462,000	597,000
3 Central Utah WCD (Prepay FY98,99,00)	D960 C&D	3,000,000	3,000,000
4 Washington County WCD (Ivins)	D925 C&D	1,390,000	5,100,000
5 Weber Basin WCD (Secondary Irr, Ph 2-5)	E029 C&D	28,369,000	33,375,000
6 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035 C&D	18,230,000	21,447,000
7 Hooper Irr Co (Press Irr)	E060 C&D	16,575,000	19,500,000
Subtotal		\$ 78,951,000	\$ 95,872,000
Projects Under Investigation			
1 Downs Ditch Water Co	D899 RCF	\$ 7,500	\$ 10,000
2 Juab Lake Irr Co	D901 RCF	75,000	100,000
3 K Ranch LLC	D954 RCF	206,250	275,000
4 Keith Johnson	D996 RCF	37,500	50,000
5 Billy Bethers Spring, Cul, & Domestic	E021 RCF	300,000	400,000
6 Marion Park Estates	E065 RCF	173,250	231,000
7 Mayfield Irr Co	E067 RCF	187,500	250,000
8 Redmond Lake Irr Co	E072 RCF	60,000	80,000
9 Brady Ditch Co	E073 RCF	51,000	68,000
10 Summit County Service Area #3	E045 CWL	414,750	553,000
11 Beaver City	L543 CWL	147,000	196,000
12 Woodruff Irrigating Co	D680 C&D	600,000	800,000
13 Kane County WCD	D828 C&D	1,500,000	2,000,000
14 Richfield City	D898 C&D	450,000	600,000
15 Uintah WCD (Leota Bench)	D944 C&D	750,000	1,000,000
16 East Carbon City (Dam)	D969 C&D	7,500,000	10,000,000
17 Silver Spurs Water Co	D990 C&D	21,000	28,000
18 Gunnison Butte Mutual Irr Co	E004 C&D	10,500,000	14,000,000
19 Town of Altamont	E012 C&D	142,500	190,000
20 Draper Irr Co	E023 C&D	4,050,000	5,400,000
21 City of South Jordan	E034 C&D	2,253,000	3,004,000
22 Payson City (Walker Flat)	E037 C&D	7,500,000	10,000,000
23 Hyrum Blacksmith Fork Irr Co	E047 C&D	2,025,000	2,700,000
24 East Juab County WCD	E071 C&D	375,000	500,000
25 Centerville City	L544 C&D	1,549,500	2,066,000
Subtotal		\$ 40,875,750	\$ 54,501,000
TOTAL		\$ 119,826,750	\$ 150,373,000

* New Applications

BOARD OF WATER RESOURCES

April 19, 2002

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Mapleton City	D886

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-061**
Received: 10/2/01
Approved: 11/2/01

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **EPHRAIM IRRIGATION COMPANY**

President: Doug Olson

LOCATION: The proposed project is located on farmland surrounding Ephraim City in Sanpete County.

EXISTING CONDITIONS & PROBLEMS: The sponsor provides irrigation water to approximately 7,700 agricultural acres in the Ephraim area. Water is diverted from Ephraim Creek into open ditches and several piped irrigation systems. Flow in the creek drops off dramatically during July and is down to 25% or less by the end of the month and throughout the remainder of the growing season. Because of this, ditch seepage losses, and inefficient flood irrigation practices, much of the sponsor's land doesn't receive the water it needs to produce to its full potential.

Over the years, approximately 5,200 acres have been put under gravity pressurized sprinkle irrigation systems. Another 860 acres are sprinkled with pumped ditch water, with some of those acres receiving supplemental water from a few private wells. The remaining 1,640 acres are flood irrigated.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to replace its remaining open ditch irrigation systems with gravity pressurized pipe. The project includes a 25 acre-foot regulating pond, over 9½ miles of 30 to 10-inch pipeline, and a pressure regulating station. Technical assistance is being provided by Nolte Associates in West Jordan.

Underground, on-farm lateral pipelines are not part of the project since the sponsor wants them to be the responsibility of individual landowners.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit to area).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Diversion	LS	\$ 30,000	\$ 30,000
2.	Regulating Pond	LS	300,000	300,000
3.	PVC Pipe			
	a. 30-inch	15,600 LF	55.00	858,000
	b. 24-inch	6,300 LF	36.00	226,800
	c. 18-inch	3,300 LF	24.00	79,200
	d. 16-inch	5,800 LF	18.00	104,400
	e. 12-inch	15,500 LF	13.00	201,500
	f. 10-inch	4,500 LF	11.00	49,500
4.	Valves & Fittings	LS	77,000	77,000
5.	Road Crossing	LS	52,000	52,000
6.	Pressure Regulating Station	LS	40,000	<u>40,000</u>
Construction Cost				\$2,018,400
Contingencies				201,600
Land Purchase				6,000
Legal and Administrative				40,000
Design and Construction Engineering				<u>209,000</u>
TOTAL				\$2,475,000

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$1,155,000	47%
CUWCD Conservation Grant	1,000,000	40
Sponsor	<u>320,000</u>	<u>13</u>
TOTAL	\$2,475,000	100%

If the board authorizes the project, it is suggested it be purchased in 25 years at 1% interest with annual payments as follows:

<u>Year</u>	<u>Amount</u>
1	\$20,000
2	25,000
3-12	30,000
13-24	63,700
25	63,700±

Payments start at \$20,000 to reflect benefits seen immediately (reduced pumping and O&M), increase over the first few years to parallel increasing benefits as farmers convert to sprinkle irrigation, then increase again in the thirteenth year as water users' loans for on-farm costs are paid off. Payments in years 13-25 of \$63,700 are equivalent to \$25.48/acre.

ECONOMIC
FEASIBILITY:

The project is economically feasible if its benefits equal or exceed its costs. Benefits consist of increased crop yields and reduced pumping and O&M costs. The benefit/cost ratio for the project, based on quantified benefits and the \$2.475 million cost over its 50-year life, is 0.95.

A local perspective, comparing the benefits with the project cost minus the \$1 million CUWCD grant, results in a benefit/cost ratio of 1.47.

FINANCIAL
FEASIBILITY:

The benefits from installing the project are estimated to be primarily from increased crop yields. Annual net benefits are computed as follows:

Annual benefit of estimated increased crop production	\$ 82,000
Annual reduction of O&M and pumping	23,000
Less annual cost of on-farm laterals and sprinkler equipment (ave. \$425/ac. for 1,640 ac. @ 3% for 12 yrs)	<u>-70,000</u>
ANNUAL NET BENEFIT	\$ 35,000

The sponsor is applying for federal grant money (EQIP) to help pay for the on-farm costs. If received, those funds will increase the annual net benefit.

BENEFITS:

The project will develop about 2,000 acre-feet annually which will reduce water shortages on existing farmground, increasing crop yields. Converting from open ditches to gravity pressurized pipelines will simplify operation and maintenance, and eliminate pumping costs.

PROJECT
SPONSOR:

The Ephraim Irrigation Company was incorporated February 28, 1920, and is presently registered in good standing with the state Department of Commerce. There are currently 4,094 shares in the company connected to nearly 8,000 acres.

The board provided about \$710,000 to the sponsor from 1977-92 to help construct three pressurized agricultural irrigation systems, one of which is paid off and the other two to be paid off in 2011 and 2016. The board provided about \$99,000 to the sponsor in 1992 to help install a transmission pipeline; that project will be paid off in 2006. Annual payments currently being made to the board total \$36,000.

WATER RIGHTS: The sponsor has water rights described in the Cox Decree as 218.81 cfs, 95.73 cfs from Ephraim Creek. This right is for irrigation, 5 cfs for domestic and stockwatering, and 25.77 acre-feet of storage. The sponsor also has several rights from the San Rafael drainage totaling approximately 140 cfs. These rights entitle the sponsor to divert the entire flow of Ephraim Creek for the stated purposes, and are in the name of the board as security for past projects.

EASEMENTS: Property for the regulating pond will be purchased. The pipeline will primarily follow existing road and ditch alignments; some private easements will need to be obtained.

ENVIRONMENTAL: As the project will be located on previously disturbed ground, no long-term environmental impacts are anticipated.

WATER CONSERVATION: Increasing irrigation system efficiency by at least 33% will conserve approximately 2,000 acre-feet annually. This water will be used on existing farmground to reduce water shortages.

SPONSOR'S RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.

3. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

4. Have an attorney give the Board of Water Resources a written legal opinion that the company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, and land necessary for the project.

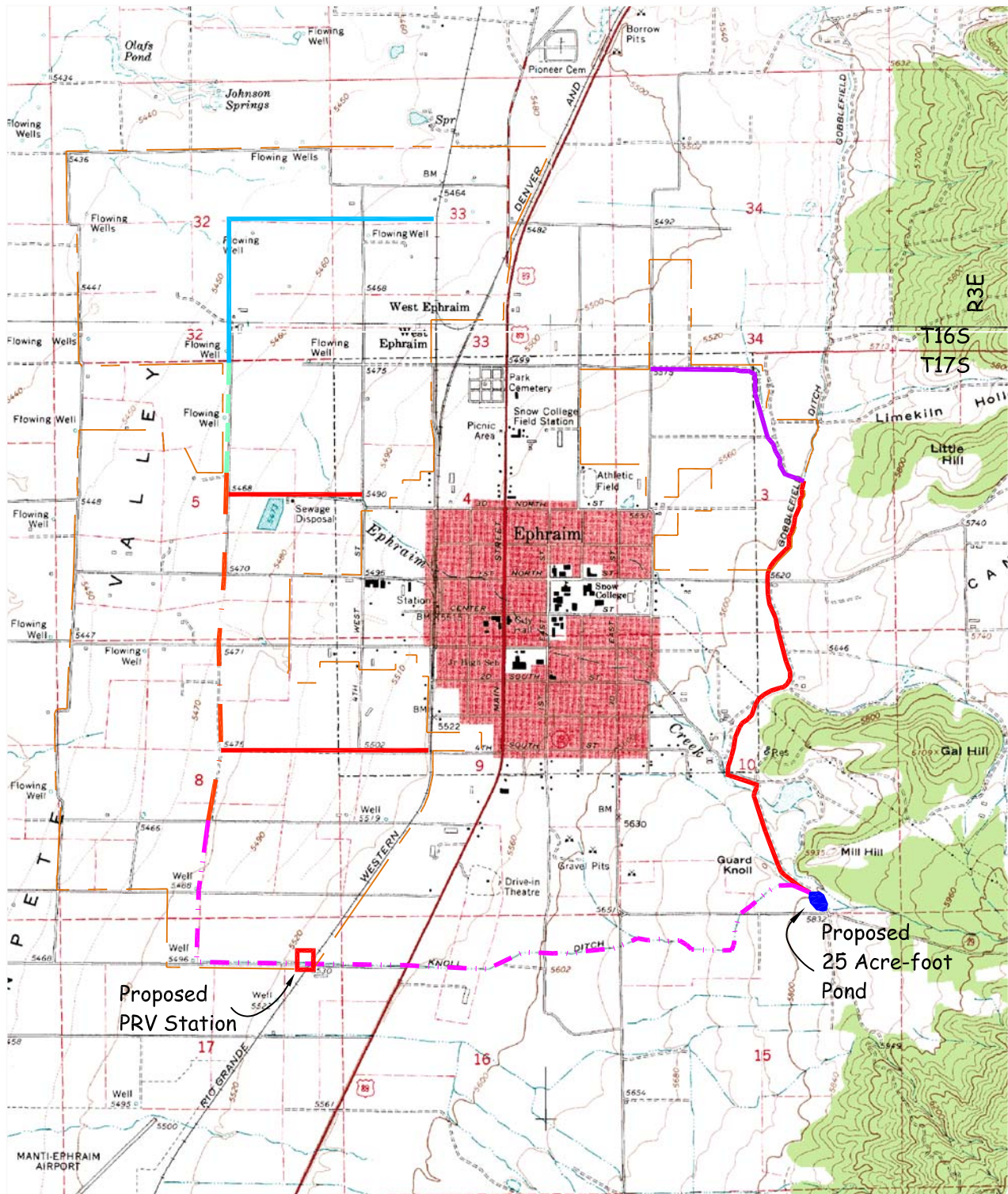
5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Obtain approval of final plans and specifications for the regulating pond from the Division of Water Rights.

7. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

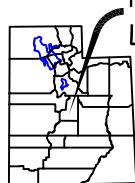
PROJECT
CONTACT
PEOPLE:

President:	Doug Olson 365 South 300 East Ephraim, UT 84627 Phone: (435) 283-4440
Vice-President:	Mike Larson 358 East 300 South Ephraim, UT 84627 Phone: (435) 283-4389
Engineer:	Nolte Associates, Inc. 6671 S. Redwood Rd, Ste 101 West Jordan, UT 84088 Phone: (801) 743-1300



EPHRAIM IRRIGATION COMPANY
Pressure Irrigation System
Sanpete County

Scale in Feet
0 1 2 3000'



Project
Location

T16S,T17S;R3E

- 10" Water Line
- 12" Water Line
- 16" Water Line
- 18" Water Line
- - - - - 24" Water Line
- - - - - 30" Water Line

Project Service
Area Boundary

BOARD OF WATER RESOURCES

Feasibility Report

Revolving Construction Fund

Appl. No.: **E-062**
Received: 10/19/01
Approved: 11/02/01

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: ***PORCUPINE HIGHLINE CANAL COMPANY***

President: Gary L. Clawson

LOCATION: The proposed project is located about 4½ miles southeast of Paradise Town, which is about 11 miles south of Logan in Cache County.

EXISTING CONDITIONS & PROBLEMS: The sponsor provides agricultural irrigation water from Porcupine Reservoir to about 3,000 acres of bench land between Avon and Hyrum. Water travels through about 14 miles of canal and pipeline, with about 800 feet of the canal traversing a steep and rocky hillside. This 800 feet of 50 cfs canal is a freestanding, rectangular concrete structure installed about 40 years ago and subject to damage from rocks impacting it after tumbling down the slope. The sponsor makes repairs each spring, but they are relatively minimal due mainly to accessibility difficulties. Other problems with this concrete channel are freeze-thaw damage and the absence of foundation material under portions of it.

The deterioration of the concrete channel leads to leaks, one of which caused a major washout on the downslope side. The sponsor is concerned about the ongoing safety aspects and the possibility of other failures occurring.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to replace the freestanding concrete section of canal with 48-inch pipe. Parts of the canal will be removed at its upstream and downstream ends for transitioning purposes, the rest of the

canal filled in with compacted soil, and the pipe installed upslope. Hansen & Associates in Brigham City will provide design and construction engineering services.

The project fits in Prioritization Category 1 (project which involves public health problems, safety problems, or emergencies).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Remove Existing Canal	165 LF	\$ 30.00	\$ 4,950
2.	Backfill Canal & Excavate Trench	900 CY	7.00	6,300
3.	48-inch Polyethylene Pipe	800 LF	50.00	40,000
4.	Pipe Elbows	2 EA	650	1,300
5.	Pipe Bedding & Backfill	700 CY	15.00	10,500
6.	Canal-Pipe Transition	2 EA	5,000	10,000
7.	Revegetation & Restoration	8,000 SF	0.50	<u>4,000</u>
Construction Cost				\$ 77,050
Contingencies				7,750
Legal and Administrative				3,600
Design and Construction Engineering				<u>11,600</u>
TOTAL				\$ 100,000

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 85,000	85%
Sponsor	<u>15,000</u>	<u>15</u>
TOTAL	\$100,000	100%

If the board authorizes the project, it is suggested it be purchased with annual payments of \$6,000 at 0% interest over approximately 15 years. This is equivalent to about \$2.00/acre annually; all water is taken out of the canal downstream of the project, so all acres will be assessed.

FINANCIAL
FEASIBILITY:

Although the project will reduce the sponsor's annual maintenance expense by about \$500, the major benefits will be an unquantifiable reduction in safety hazard, and an increased assurance of uninterrupted system operation.

The following table shows the impact of the project on the cost of water:

	<u>Annual Cost</u>	<u>Cost/Acre</u>
Current O&M	\$ 20,800	\$ 6.93
Reduction in O&M	(500)	(0.17)
Porcupine Res. Co.	23,200	7.73
Paradise Irr. Co.	(4,200)	(1.40)
Proposed BWR Assistance	<u>6,000</u>	<u>2.00</u>
TOTAL	\$ 45,300	\$15.09

For use of the sponsor's canal, the Paradise Irrigation Company pays about \$4,200 annually.

The sponsor plans to raise assessments \$1.00/share (2 shares/acre) to help pay for the proposed project, a 15% increase.

BENEFITS: The project will eliminate a source of maintenance, expense, and safety concern, and will help assure the continued delivery of irrigation water to 3,000 acres.

PROJECT SPONSOR: The Porcupine Highline Canal Company was incorporated in 1960 when the original irrigation system was constructed with the Porcupine Project (dam completed in 1962). It distributes water to 60 shareholders irrigating 3,000 acres and holding 6,046 shares.

The sponsor received \$102,000 from the board in 1968 to help line about 22,000 feet of canal and replace about 2,000 feet of canal with pipe; that assistance has been returned. In 1977 the board committed \$30,000 to the sponsor to help repair about 1,000 feet of canal damaged by a cloudburst flood; board assistance for that project has also been returned.

WATER RIGHTS & SUPPLY: The sponsor has no water rights of its own. It receives water from Porcupine Reservoir Company, which stores 12,800 acre-feet in Porcupine Reservoir; the reservoir company's water rights are currently in the name of the board as security for past assistance.

The sponsor receives 6,046 acre-feet annually when the reservoir is full; a share of stock therefore represents one acre-foot. The shares in Porcupine Reservoir Company are divided as follows:

<u>Name</u>	<u>Shares</u>
Porcupine Highline Canal Co.	6,046
Paradise Irr. Co.	2,686
Exchange Users	1,999
Wildlife Resources	1,500
Evaporation	<u>569</u>
TOTAL	12,800

During dry years the sponsor receives 56% of the available water.

- EASEMENTS: The project will be constructed within existing easements.
- ENVIRONMENTAL: The project will not cause any permanent, detrimental impact to the environment. It will improve the hillside since the pipe will be buried and the concrete canal will be removed or covered.
- SPONSOR'S RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:
1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
 2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and water shares (in Porcupine Reservoir Company) required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
 3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
 4. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to

these easements, rights-of-way, and the project itself can be legally transferred to the Board.

b. The company's water shares (in Porcupine Reservoir Company) applicable to the project are unencumbered and legally transferable to the Board of Water Resources.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water shares necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

7. Obtain an IRS Employer Identification Number.

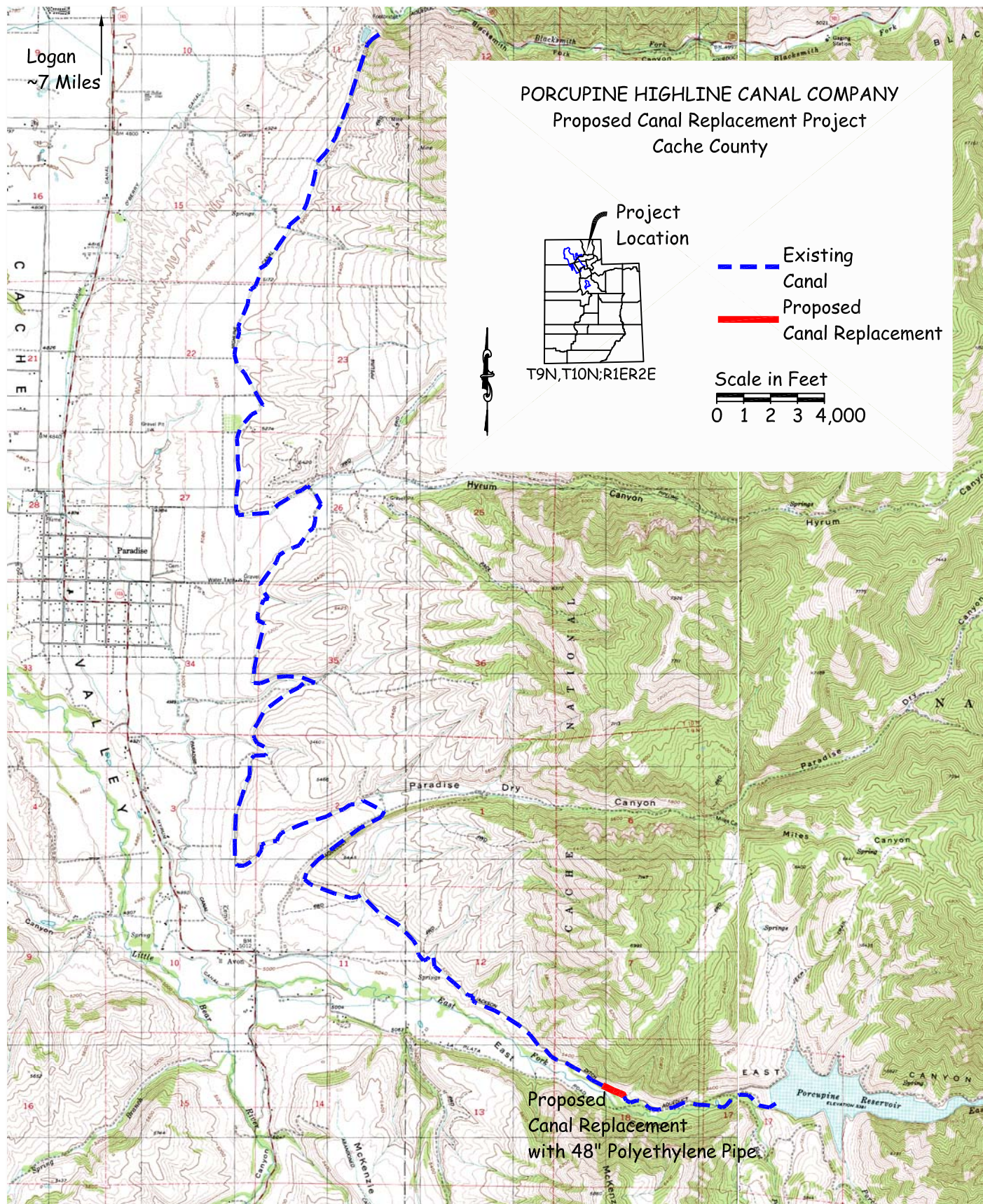
PROJECT
CONTACT
PEOPLE:

President:

Gary L. Clawson
375 South 800 East
Hyrum, UT 84319
Phone: (435) 245-6566

Engineer:

Hansen & Associates
538 North Main
Brigham City, UT 84302
Phone: (435) 723-3491



BOARD OF WATER RESOURCES
Feasibility Report
Conservation and Development Fund

Appl. No.: **E-069**
Received: 1/14/02
Approved: 1/25/02

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **NEW SANTA CLARA FIELD CANAL COMPANY**

President: James N. Ence

LOCATION: The proposed project is located in and around the City of Santa Clara, about five miles northwest of St. George in Washington County.

EXISTING CONDITIONS & PROBLEMS: The sponsor delivers ditch irrigation water to about 80 residences and 300 acres of agricultural land divided into parcels of alfalfa, pasture, orchards, and vegetable gardens of up to 15 acres in size around Santa Clara. Water is released from Gunlock Reservoir, about 11 miles northwest of the city, into the Santa Clara River, where it is diverted into the sponsor's ditch system. The sponsor estimates that about 60% of its water in the river and ditches is lost, and more is lost on farms due to the inefficiencies of flood irrigation.

The board authorized a project in 1996 for the Washington County Water Conservancy District (WCWCD) to pipe irrigation water stored in Gunlock Reservoir. That project included a pipeline from Gunlock Reservoir to Ivins Reservoir, a pipeline from Ivins Reservoir to Santa Clara, and a limited secondary irrigation system in Santa Clara. The WCWCD system would carry Gunlock Reservoir water for the Shivwits band of Paiute Indians, New Santa Clara Field Canal Company, St. George Clara Field Canal Company, and Ivins Irrigation Company, and eliminate several diversions on the Santa Clara River. Due to ongoing water rights negotiations (which have recently been resolved), the project has not yet been constructed; WCWCD wishes to proceed as soon as possible, however.

PROPOSED
PROJECT:

The sponsor is requesting financial assistance from the board to install the project just described with the exception of the Gunlock to Ivins Reservoir pipeline, which will be installed under the direction of WCWCD. The sponsor's project will include over five miles of 24 and 20-inch transmission pipeline from Ivins Reservoir to Santa Clara, about 7½ miles of 12 to 4-inch distribution pipeline, pressure regulating and master meter stations, and 387 residential and agricultural connections. Engineering is being done by Alpha Engineering in St. George.

The sponsor's system will serve its shareholders as well as additional residences to the extent water is available under existing rights; as agricultural land is developed, those residences will be connected to the system.

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$40,000	\$40,000
2.	PVC Pipe			
	a. 24-inch	21,800 LF	35.00	763,000
	b. 20-inch	5,800 LF	26.00	150,800
	c. 12-inch	4,700 LF	16.50	77,550
	d. 10-inch	5,500 LF	14.50	79,750
	e. 8-inch	12,200 LF	12.00	146,400
	f. 6-inch	11,500 LF	11.00	126,500
	g. 4-inch	6,200 LF	9.00	55,800
3.	Pressure Station	LS	80,000	80,000
4.	Meter Station	LS	15,000	15,000
5.	Valves & Fittings	LS	92,000	92,000
6.	Connection	387 EA	450	174,150
7.	Street Repair	LS	160,000	<u>160,000</u>
Construction Cost				\$1,960,950
Contingencies				196,050
Legal and Administrative				45,000
Design and Construction Engineering				<u>238,000</u>
TOTAL				\$2,440,000

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 930,000	38%
WCWCD	1,317,000	54
Sponsor	<u>193,000</u>	<u>8</u>
TOTAL	\$2,440,000	100%

If the board authorizes the project, it is suggested it be purchased in 25 years at 3.5% interest with annual payments of approximately \$56,500.

The 3.5% interest rate is weighted between the board's guideline rates for agriculture (300 acres) and municipal (100 acres) projects of 3% and 5%, respectively.

WCWCD is lining up federal, state, and local funding for the Gunlock Reservoir to Ivins Reservoir pipeline and has also agreed to provide funding for the transmission pipeline from Ivins Reservoir to Santa Clara (see cost sharing table). There is a possibility the district will request the board commit funds to it, in conjunction with the 1996 application, for part of the Ivins Reservoir to Santa Clara pipeline.

ECONOMIC
FEASIBILITY:

The project is economically feasible if the benefit is equal to, or exceeds, the cost. The benefit of using water saved by the project is the cost of water from the best alternative which, in this case as well as WCWCD's 1996 project, has been identified as Sand Hollow Reservoir. The benefit/cost ratio calculated in the 1996 feasibility report is 1.13, and it is assumed the B/C ratio for this project is similar.

FINANCIAL
FEASIBILITY:

Based on the board's current water service affordability guidelines, Santa Clara residents could pay up to \$46.65 monthly for all water. The cost of water for the 343 residences anticipated to be connected to the system is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Estimated Culinary Bill	\$102,900	\$25.00
Secondary O&M	20,000	4.86
Proposed BWRe Assistance	<u>41,725*</u>	<u>10.14</u>
TOTAL	\$164,625	\$40.00

* Municipal share

Secondary irrigation costs will thus total \$180 per connection annually. In addition, those not owning company shares will need to purchase or lease them.

Since WCWCD may pass some costs on to the sponsor, and because the city is considering raising culinary water rates, staff feels the \$40.00 cost/conn/mo is reasonable compared to the affordability amount.

The sponsor recently raised its share assessment to \$60 annually, up from last year's \$40. It is anticipated shareholders will continue to pay annual assessments to cover company expenses and to supplement revenue generated by secondary connections.

BENEFITS:

The proposed project will replace the existing open ditch irrigation system with a gravity pressurized system, and will save approximately 1,400 acre-feet annually. System operation and maintenance will be simplified, and open ditches in Santa Clara will be abandoned for irrigation purposes.

**PROJECT
SPONSOR:**

The New Santa Clara Field Canal Company was incorporated June 2, 1954, and is presently registered in good standing with the state Department of Commerce. Its 135 shareholders own 100 lot and 379 field shares, and irrigate nearly 400 acres.

Over the past ten years, conversion of agricultural land to houses has been slow, and is projected by the sponsor to continue at this rate of 1-2 houses/yr.

The sponsor has not received assistance from the board in the past.

WATER RIGHTS:

The sponsor has water right 81-1148 which allows the diversion of 8.7 cfs from the Santa Clara River for the irrigation of nearly 400 acres.

A change in point of diversion will need to be approved by the State Engineer's Office. The sponsor must verify that serving additional residences will not exceed the area identified in its water right.

EASEMENTS:

Although pipelines will primarily follow roads and existing ditch alignments, some new easements across private property will need to be obtained.

ENVIRONMENTAL: Diverting irrigation water into the proposed system will reduce flow in the Santa Clara River during the irrigation season. WCWCD has agreed to release up to 3 cfs from Gunlock Reservoir year-round to help maintain flow in the river.

WATER
CONSERVATION: Based on an average irrigation season of March through September, an estimated 1,400 acre-feet will be saved annually. This water will be used to reduce agricultural water shortages as well as provide for additional residential connections to the secondary system.

SPONSOR'S
RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain approval of the State Engineer to change the point of diversion.
2. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
3. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and water rights required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
4. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.

5. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

b. The company's water rights applicable to the project are unencumbered and legally transferrable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

6. Obtain approval of final plans and specifications from the Division of Water Resources.

7. Submit plans and specifications to the Division of Drinking Water.

8. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

9. Adopt a rule prohibiting its water users from irrigating residential landscapes between the hours of 10:00 a.m. and 6:00 p.m.

10. Obtain an IRS Employer Identification Number

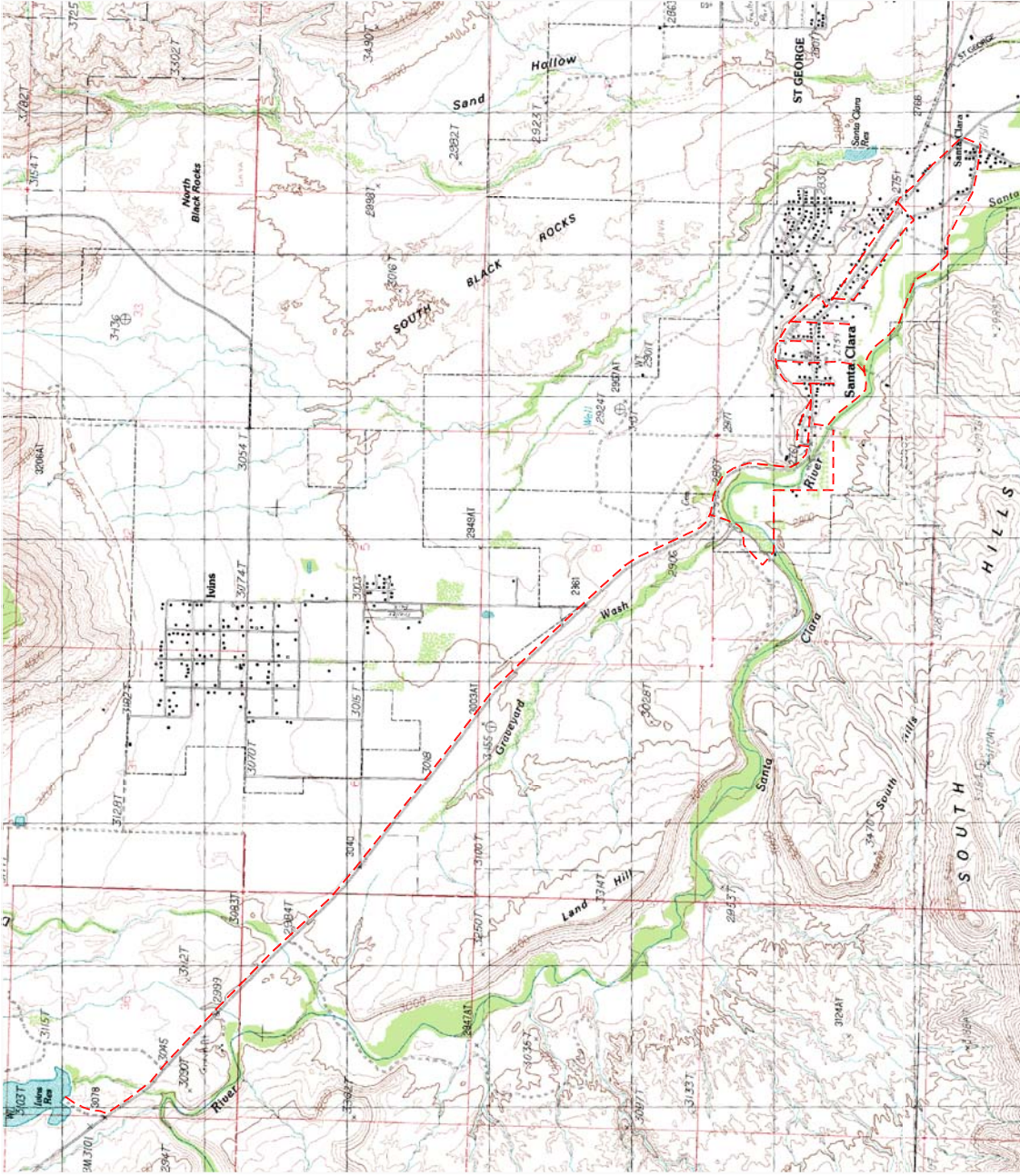
PROJECT
CONTACT
PEOPLE:

President:

James N. Ence
800 Old Farm Road
Santa Clara, UT 84765
Phone: (435) 673-3929

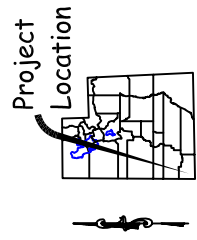
Engineer:

Alpha Engineering
148 East Tabernacle
St. George, UT 84770
Phone: (435) 628-6500



NEW SANTA CLARA FIELD CANAL COMPANY
Proposed Pipeline & Secondary Irrigation System
Washington County

----- Proposed Pipeline



T41,42S; R16,17W

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-070**
Received: 2/12/02
Approved: 3/14/02

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **JOHNSON WATER DISTRICT**

District Manager: Lanny Ross

LOCATION: The proposed project is located about seven miles northwest of Myton in Duchesne County.

EXISTING CONDITIONS & PROBLEMS: The sponsor supplies retail culinary water to 602 connections in a 600 square mile area south and west of Roosevelt, including the area surrounding Myton and the communities of Ioka, Upalco, and Bridgeland. The connections include 571 domestic, 27 dairies and feedyards, three oil wells, and a school. Water is supplied from a well, Starvation Reservoir, and a purchase agreement with Duchesne City and the East Duchesne Culinary Water Improvement District.

The culinary system, rated "Approved" by the Division of Drinking Water, includes seven storage tanks holding a total of 976,000 gallons, and about 200 miles of 1½ through 14-inch transmission and distribution pipeline. Because of low pressures at the higher homes in the system, current and projected growth, and large fluctuations in water demand, the sponsor sees the need to construct a new storage tank.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to improve its culinary system by constructing a 750,000 gallon storage tank and connecting it to the system, upgrading the well's pumping equipment so water can be delivered to the new tank, and installing a telemetry line between well and tank. Engineering is being done by Epic Engineering in Heber City.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$25,000	\$ 25,000
2.	750,000 Gallon Tank	LS	380,000	380,000
3.	Blasting	12,600 CY	5.00	63,000
4.	Excavation & Backfill	LS	100,000	100,000
5.	Fencing	600 LF	15.00	9,000
6.	Reequip Well	LS	25,000	25,000
7.	Telemetry	LS	10,000	<u>10,000</u>
Construction Cost				\$ 612,000
Contingencies				61,000
Legal and Administrative				16,000
Design and Construction Engineering				<u>86,000</u>
TOTAL				\$ 775,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 659,000	85%
Sponsor	<u>116,000</u>	<u>15</u>
TOTAL	\$ 775,000	100%

If the board authorizes the project, it is suggested the bonded indebtedness of \$659,000 be repaid in 25 years at 1% interest with annual payments as follows (includes reserves):

<u>Year</u>	<u>Payment</u>
1	\$ 21,000
2	21,700
3	22,500
4	23,300
5	24,200
6	25,200
7	26,300
8	27,500
9	28,600
10	29,800
11	31,000
12	32,300
13	33,700
14	35,100
15	36,600
16	38,200
17	39,900
18	41,700
19	43,500
20	45,400
21	47,400
22	49,500
23	51,700
24	54,000
25	59,300±

ECONOMIC
FEASIBILITY:

Since the proposed project is one to improve existing and future service and does not develop any new water, the only other option is to do nothing, which is unacceptable. The benefit/cost ratio for the project is therefore assumed to be 1.0.

FINANCIAL
FEASIBILITY:

Based on the board's current water service affordability guidelines, the sponsor's residential customers could pay up to \$26.52 monthly for all water, which is based on a weighted average of the median incomes of communities within the district. The cost of water with the proposed project, based on 602 current connections and an average annual growth rate of 1.05%, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Operation & Maintenance	\$178,855-246,396	\$24.76
Water Purchase (Starvation)	201,323-258,681	27.87
Irrigation Water	42,115- 55,268	5.83
Proposed BWRe Loan	<u>21,000- 59,300</u>	<u>2.85</u>
TOTAL	\$443,293-619,645	\$61.31

The sponsor currently charges a minimum of \$25.00 for the first 7,000 gallons, \$1.25 per thousand gallons for the next 8,000, \$0.85 per thousand for the next 15,000, and \$0.60 per thousand above that. The sponsor is considering adjusting its rate schedule to help pay for the proposed project, but it has no firm plans yet; it would like to retain portions of its declining block rate schedule since it lends itself well to the numerous dairies.

BENEFITS: The project will develop better pressures for users high in the system, provide for growth, and create additional storage for peak use periods.

PROJECT SPONSOR: The district has been in business since 1971 and covers an area of about 20 miles x 30 miles. It installed the 30-mile pipeline from Starvation Reservoir in 1984, plus ten miles of lines throughout the service area.

The district has not received assistance from the board in the past.

WATER RIGHTS & SUPPLY: The district has Water Right No. 43-59 for 1.0 cfs total from three wells, two of which are inactive due to flow and quality problems. It also has a contract with Central Utah Water Conservancy District for 24 acre-feet annually from Starvation Reservoir, and a purchase agreement with Duchesne City and the East Duchesne Culinary Water Improvement District for 1,200 acre-feet. These water sources constitute an adequate supply.

EASEMENTS: The district has purchased the land necessary to build the project.

ENVIRONMENTAL: No detrimental environmental effects are expected.

WATER
CONSERVATION: Secondary irrigation service (predominantly ditch) exists in the sponsor's service area, and little culinary water is used outdoors. As the sponsor is considering adjusting its rate schedule, staff suggests it adopt a progressive, inclining block rate schedule for the school and residential users, and create a separate schedule for dairies, feedyards, and oil field users. The district has submitted a water management and conservation plan to the division.

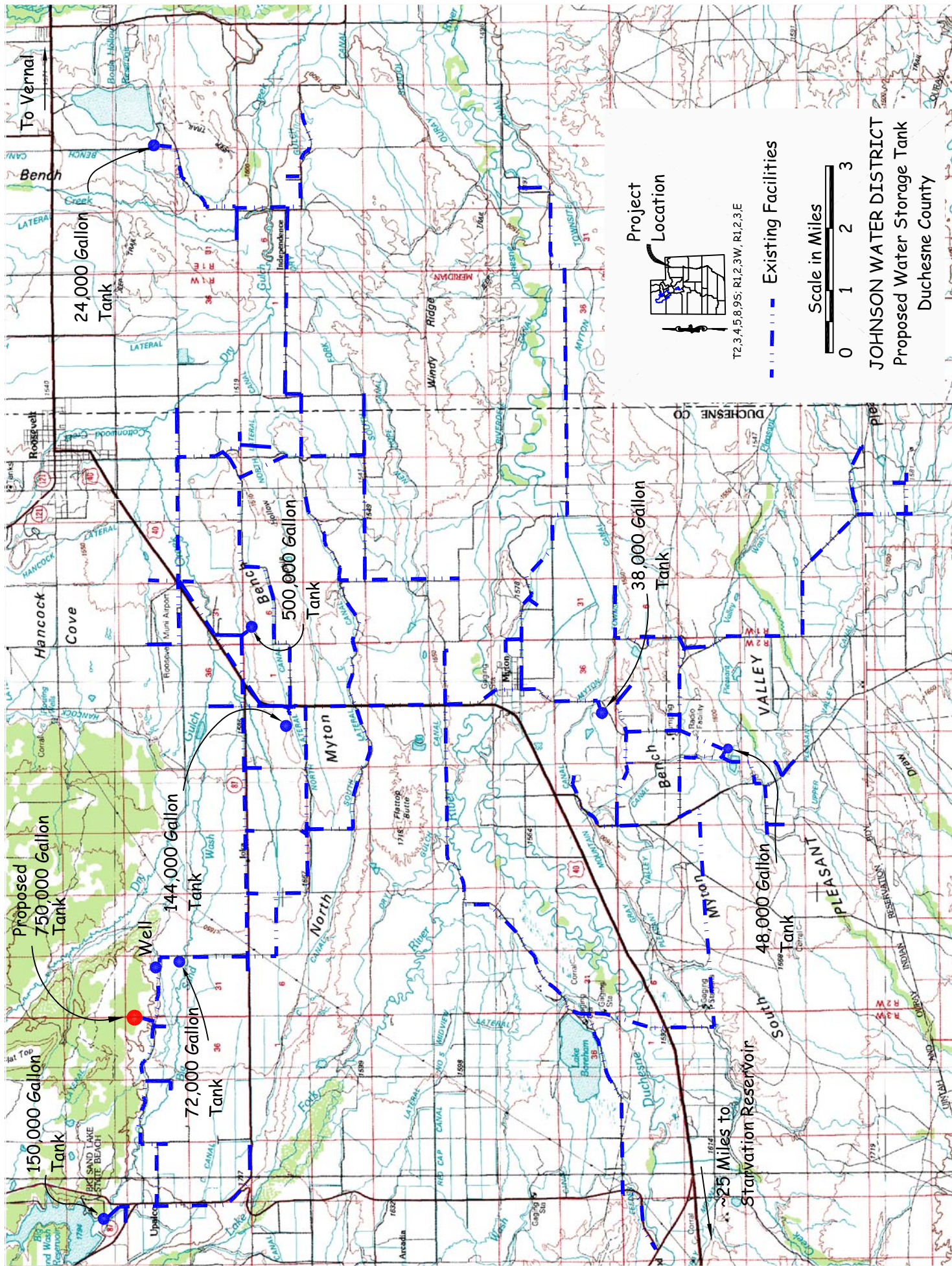
As a condition of project funding, the sponsor will be required to adopt a rule prohibiting pressurized irrigation of landscapes between the hours of 10:00 a.m. and 6:00 p.m.

SPONSOR'S
RESPONSIBILITIES: The sponsor will be required to make all arrangements to sell the board a bond as well as verify it has adequate water and rights-of-way to construct and operate the project. If the project is authorized, a list of procedures and requirements necessary to close the loan will be furnished to the sponsor.

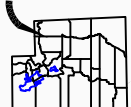
PROJECT
CONTACT
PEOPLE: District Manager: Lanny Ross
Route 3 Box 3188
Roosevelt, UT 84066
Phone: (435) 722-2620

Chairman: Bruce Dart
Route 3 Box 3188
Roosevelt, UT 84066
Phone: (435) 722-2620

Engineer: Epic Engineering
175 N. Main St., Suite 104
Heber City, UT 84032
Phone: (435) 654-6600



Project
Location



T2,3,4,5,8,9S; R1,2,3W, R1,2,3 E

Existing Facilities



JOHNSON WATER DISTRICT
Proposed Water Storage Tank
Duchesne County

BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-049**

Received: 2/7/01

Approved: 3/8/01

Authorized: 6/8/01

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **SCIPPIO IRRIGATION COMPANY**

President: Lee Monroe
Box 44
Scipio, UT 84656
Phone: (435) 758-2484

LOCATION: The proposed project is located around the town of Scipio, about 20 miles northeast of Fillmore in Millard County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to install a pressurized sprinkle irrigation system to serve about 1,200 agricultural acres.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$570,000	80%
Sponsor	<u>140,000</u>	<u>20</u>
TOTAL	\$710,000	100%

PURCHASE AGREEMENT: If the board commits funds to the project, it is proposed the purchase agreement remain as authorized: the sponsor will purchase the project at 0% interest over approximately 14 years with annual payments of \$10,000 the first year, \$20,000 the second, and \$46,700 thereafter.

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-058**
Received: 9/6/01
Approved: 9/21/01
Authorized: 11/2/01

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **WELLSVILLE-MENDON CONSERVATION DISTRICT**

President: Quinn Murray
691 South 200 West
Wellsville, UT 84339
Phone: (435) 245-3420

LOCATION: The proposed project is located about a mile east of Wellsville City, which is about nine miles southwest of Logan in Cache County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to install 6,100 feet of rubber liner, underlain by a protective geotextile fabric, in a section of its 90 cfs earthen canal presently losing 600 acre-feet annually to seepage.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 192,000	80%
Sponsor	<u>48,000</u>	<u>20</u>
TOTAL	\$ 240,000	100%

REPAYMENT: If the board commits funds to the project, it is proposed the repayment terms remain as authorized: the bonded indebtedness of \$192,000 will be repaid with annual payments of \$22,000 at 3.2% interest over approximately 11 years.

BOARD OF WATER RESOURCES

Special Item

Conservation and Development Fund

Appl. No.: **D-708**
Received: 5/11/89
Approved: 6/23/89
Authorized: 12/1/89
Committed: 5/7/93

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: ***DRAPER IRRIGATION COMPANY***

President: Stephen Tripp
P.O. Box 275
Draper, UT 84020
Phone: (801) 571-2232

LOCATION: The project is located throughout and to the south of the city of Draper in south Salt Lake County.

PROJECT SUMMARY: The sponsor is the primary culinary and irrigation water supplier for the Draper area. At present it serves approximately 2,000 acres of farmland and 5,000 culinary water connections in Draper.

The sponsor received almost \$7 million from the board in the mid 1990s to help construct an \$8 million pressurized irrigation system to serve all the agricultural acreage and about two-thirds of the residential acreage (those with corporation water) within its service area.

The primary water supply is Utah Lake, but water is also diverted from local streams and springs. Part of the project purpose is to reduce irrigation demand on the sponsor's higher quality mountain stream water so it can be used in the culinary system.

DIVISION OF WATER RESOURCES

1594 West North Temple, Suite 310

Box 146201

Salt Lake City, Utah 84114-6201

M E M O R A N D U M

April 10, 2002

TO: Board of Water Resources
FROM: Larry Anderson
SUBJECT: Draper Irrigation Company Water Rights

The Draper Irrigation Company (company) supplies both irrigation and drinking water in the Draper area. The company has applied to the Drinking Water Board (Drinking Water) for \$7.2 million to construct a culinary water project. As part of the loan procedure, the company must provide Drinking Water a security interest in the project water rights.

In the mid 1990s the Board of Water Resources (Board) provided financial assistance to the company for construction of a pressurized secondary irrigation system. As part of the contracting process the Board has title to that project's water rights. To enable the company to proceed with its loan with Drinking Water, Bill Prater has proposed and prepared an interagency agreement concerning the water rights (draft attached). Staff believes the effect of the agreement is to provide the necessary security for Drinking Water, with no impact on the Board's security, position, or standing as owner of the water right.

Staff suggests the Board agree to enter into the interagency agreement if Bill determines it is necessary. We will work with Bill and the staff of Drinking Water to see if adequate security can be provided under well rights that are not encumbered. If that is not acceptable, based on the Board's approval, the interagency agreement will be executed.

BOARD OF WATER RESOURCES

Special Item

Request for Release of Water Rights

Appl. No.: **D-745**

Contract Date: 2/25/94

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **SANDY CANAL COMPANY**

President: Judith M. Bell
10000 Centennial Pkwy, Ste 241
Sandy, UT 84070
Phone: (801) 568-7280

SUMMARY: In 1994 the board provided about \$445,400 (75%) to the sponsor to help construct an irrigation pump station and low head pipeline project. The current balance of about \$312,800 is being returned to the board with annual payments of \$19,200 at 0% interest through about 2018.

A company shareholder, whose shares of stock represent 18.5474% of the sponsor's water rights, would like his shares returned in order to change the place and nature of use of his water. The sponsor has agreed to this, and requests the board release the amount of water rights represented by 18.5474% of the rights held by the board (see attached letter). The sponsor will "prepay" the board an equal percentage of the outstanding principal balance, and requests its annual payment to the board be reduced by the same percentage so assessments to its stockholders will not change.

STAFF
RECOMMENDATION: Since the proposed release would leave the board with about 7,500 acre-feet of water worth well more than what the sponsor owes, staff recommends the board approve the sponsor's request, with the following conditions:

1. The sponsor will prepay the board \$58,000, reducing the amount it owes to about \$254,800.
2. The sponsor's contract with the board will be amended to state the amount owing the board will

be returned with annual payments of \$15,600 at 0% interest through about 2018.

Details of the transfer will be worked out by staff and legal counsel of the board and sponsor.

BOARD OF WATER RESOURCES

Special Item

Feasibility Report (Reauthorization)

Cities Water Loan Fund

Appl. No.: **D-983**
Received: 7/13/98
Approved: 7/17/98
Authorized: 10/30/98

To be Presented at the April 19, 2002 Board Meeting

SPONSOR: **HANNA WATER & SEWER DISTRICT**

Chairman: Mac Reber
P.O. Box 465
Tabiona, UT 84072
Phone: (435) 848-5610

LOCATION: The proposed project is located in and around Hanna and Tabiona, about 24 miles northwest of Duchesne in Duchesne County.

SUMMARY: The sponsor, which does not presently serve any customers with water or sewer service, has been in existence since 1979 and has tried since that time to raise funds to develop a water and sewer system for the area, which is currently comprised of a rural farming community of about 875 people. Tabiona has only two small springs for a drinking water supply, a 400,000 gallon storage tank, and a small pipeline distribution system, but Hanna has no community water system.

In 1998 the board authorized a culinary water system project for Tabiona and Hanna consisting of development of a spring, construction of a million gallon tank, and installation of about 22 miles of transmission and distribution pipeline, 30 fire hydrants, service connections, and appurtenances. Progress in moving the project to construction has been slower than anticipated, largely due to changed water sources (federal funding would not be available if the spring was developed, then several proposed well sites on U.S. Forest Service land could not be developed based on a new Forest Service directive). This, combined with construction cost inflation over the past 3½ years, has resulted in a current project cost estimate higher than that presented to the board at authorization.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to install a culinary water system for Tabiona and Hanna consisting of the drilling and equipping of a deep well, construction of a 650,000 gallon tank, and installation of about 23 miles of transmission and distribution pipeline, fire hydrants, service connections, and appurtenances. Water will be delivered to Tabiona, which will continue to operate its own system, on a wholesale basis.

COST ESTIMATE: The current cost estimate is \$4,597,000.

COST SHARING & REPAYMENT: The authorized and proposed cost sharing are:

<u>Agency</u>	<u>Authorized Cost Sharing</u>	<u>% of Total</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$1,146,000	31.0%	\$1,371,000	29.8%
RECD Loan	569,000	15.5	373,000	8.1
RECD Grant	569,000	15.5	1,107,000	24.1
CIB Loan	573,000	15.5	735,000	16.0
CIB Grant	573,000	15.5	735,000	16.0
Sponsor	<u>264,000</u>	<u>7.0</u>	<u>276,000</u>	<u>6.0</u>
TOTAL	\$3,694,000	100%	\$4,597,000	100%

The authorized repayment terms require the sponsor to repay the \$1,146,000 in 25 years at 0% interest with annual payments ranging from approximately \$40,000 to \$55,000. If the board reauthorizes the project, staff suggests the \$1,371,000 be repaid in 25 years at 0% interest with annual payments ranging from approximately \$50,000 to \$64,000.

FINANCIAL FEASIBILITY: Based on the board's current water service affordability guidelines, users can pay up to \$24.01 monthly for their culinary water. The cost of water with the proposed project, based on 250 initial connections, then growing to 341 connections at the end of the repayment period, is estimated as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Operation & Maintenance	\$ 15,000- 21,500	\$5.00
CIB Loan (2.5%, 20 yr.)	47,100	15.70-11.51
RECD Loan (4.5%, 40 yr.)	20,300	6.77- 4.96
Proposed BWRe Loan	<u>50,000- 64,000</u>	<u>16.67-15.64</u>
TOTAL	\$132,400-152,900	\$44.14-37.11

As the district currently has no customers, there is no water rate. It is contemplating charging a base rate of \$46 for the first 8,000 gallons, an overage rate of \$1.50 per 1,000 gallons, a \$1.00 per month metering charge, and a \$2,500 connection fee.

The 276 connections currently sold exceed the 245 the board requires before the district can request committal of funds.

PROJECT
SPONSOR:

The Hanna Water and Sewer District was incorporated in 1979 and has no assets, but does have taxing authority with Duchesne County. The Tabiona-Hanna area currently has about 875 people; the state Office of Planning and Budget predicts a 1.3% average annual growth rate for the area through the year 2020.

The sponsor has not received assistance from the board in the past.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
March 14, 2002

St. George Inn
1450 S Hilton Drive
St. George, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the January 25, 2002 meetings were approved as prepared. page 1
2. The Fountain Green Irrigation Company project was authorized in the amount of \$212,000 (85%) to be purchased in 25 years at 0% interest with annual payments of approximately \$8,500. page 2
3. The Board authorized the Magna Water Co., An Improvement District project in the amount of \$700,000 (45%) to be repaid in 25 years at 1% interest with annual payments of approximately \$33,300. page 3
4. Funds were committed to the Callao Irrigation Company in the amount of \$184,000 (80%) to be returned with annual payments of \$9,600 at 0% interest over approximately 20 years. page 3
5. The Board provided a grant in the amount of \$125,000 for Spanish Fork City to buy bond insurance. page 4
6. The Springville City project (#D967) was withdrawn from further consideration by the Board. page 4
7. The Board withdrew the Hooper Irrigation Company project (#D995) from further consideration by the Board. page 4
8. The Price-Wellington Control Board project (#D999) was deauthorized and withdrawn from further consideration by the Board. page 5
9. The Board deauthorized and withdrew the Bristlecone Water Improvement District project from further consideration by the Board. page 5
10. The East Zion Special Service District project was withdrawn from further consideration by the Board. page 6
11. The Board deauthorized and withdrew the Springville City (#L522) project from further consideration by the Board. page 6
12. The Holliday Water Company project was decommitted and withdrawn from further consideration by the Board. page 6
13. A joint letter will be prepared outlining the various water funding boards' position regarding the 1/16% sales tax funding. page 7

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Thursday, March 14, 2002 at the St. George Inn, 1450 South Hilton Drive, St. George, Utah. Chair Lucille Taylor presided over the 8:30 a.m. meeting.

BOARD MEMBERS PRESENT:

Lucille Taylor
Warren Peterson
Bill Marcovecchio
Harold Shirley
Brad Hancock
Ivan Flint
Paul Riley
Cleal Bradford

STAFF MEMBERS:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Lloyd Austin, Asst. Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Shalaine DeBernardi, Engineer
Todd Adams, Chief, Hydrology and Computer Applications
Geralee Murdock, Executive Secretary

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources
Ron Thompson, District Manager, Washington County Water Conservancy District
Wayne Thomas, District Engineer, Department of Environmental Quality

George S. Burbidge, Director Storm Water, Weber County
David Styer, Manager, Bear River Canal Co.
Rex Ausburn, Branch Manager, Boyle Engineering
Doug Nielsen, Sunrise Engineering
Alden Robinson, CEO, Sunrise Engineering, Inc.
John Johnson, Owner, Redmond Irrigation and Buildings
Louise Liston, President, Wide Hollow Water Conservancy District

OTHERS PRESENT CONT'D.

Bob Hansen, President, Fountain Green Irrigation Co.

Ed Hansen, General Manager, Magna Water Co. an Improvement District

Shawn Wall, Construction Foreman, Magna Water Co.

LeIsle Fisher, Controller, Magna Water Co.

Don Olsen, District Engineer, Magna Water Co.

Richard Heap, City Engineer, Spanish Fork City

Sherman E. Huff, City Council, Spanish Fork City

Neil Foster, Trustee, Bristlecone Water District

Rick Hafen, Attorney, Bristlecone Water District

Rod Syrett, Manager, Ruby's Inn

Jean Seiler, Ruby's Inn

Marlin Sundberg, Manager, Holliday Water Co.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
March 14, 2002

Chair Taylor welcomed everyone at the meeting and introduced Louise Liston, president of the Wide Hollow Water Conservancy District and Ron Thompson, District Manager of the Washington County Water Conservancy District. She thanked Ron for the hospitality shown the Board while in the St. George area. Director Anderson asked Mr. Thompson when the Sand Hollow Reservoir would be dedicated. Mr. Thompson said probably in September or October. Ms. Taylor introduced Wayne Thomas of the DEQ, and Dave Styer, manager of the Bear River Canal Co.

Chair Taylor congratulated Director Larry Anderson for receiving the "Water Statesman of the Year" award at the annual Water Users Workshop banquet the night before.

APPROVAL OF THE MINUTES

Cleal Bradford made the motion to approve the minutes of the January 25, 2002 Board meetings, seconded by Warren Peterson. The Board agreed unanimously.

CHAIR'S REPORT

Chair Taylor said this has been a month of attending meetings and reading newspapers, most of the time with dismay because of the Legislature's decision regarding water development funding. This presents challenges to people who are concerned with water and the future of the state; later in the meeting the Board will consider some ways to meet some of these challenges. She turned time over to Warren Peterson for a lighter note.

WATER SUPPLY REPORT

Randy Julander said the state is in a "world of hurt"; the statewide average has gone from 65% on March 1 to 66% March 13. He said 20-40% of average snowfall occurred in February and the trend has continued on through the first part of March. He said the southern part of the state would need about 225 to 650% of average March snowpack accumulation to reach average by April 1. He said with a warm spring the runoff in southern Utah could be over within 2-3 weeks.

Soil moisture is how much is actually stored in the soil. On the Bear almost 8" of snowpack could be lost in the soil without generating a lot of runoff. When you look at how much will be lost compared to what is actually there, it starts to give us heartburn. Reservoir storage is low. Most of the time we've had more water than we will have this particular year.

We will be operating in the lowest 10% of our water supply. He said as far as streamflow goes if you have no snow you've got no streamflow.

FEASIBILITY REPORTS

#E042 Fountain Green Irrigation Co.

Chair Taylor introduced Bob Hansen. Steve Wilde reported the irrigation company provides water for sprinkle irrigation to farmland south of Fountain Green and also for lawns and gardens in town. Portions of the system have experienced excessive pressures, sometimes resulting in pipe ruptures due to pressure reducing valves not operating properly. There is also a concrete-lined ditch which is deteriorated and in need of replacement, and a pipe inlet screen which is difficult to clean and maintain.

The company is requesting technical and financial assistance to improve its irrigation system. Division staff will provide design and construction engineering services. The project is estimated to cost \$250,000.

Mr. Wilde said the Board has assisted the irrigation company seven times in the past, all of which have been purchased. Since the last project was purchased in December the water rights are still in the name of the Board.

Mr. Hansen expressed appreciation to the Board for its past help. In the 70's the Board helped the irrigation company put in this pressurized irrigation system which has allowed the farmers to irrigate more efficiently. He said this system has worked well for them, but maintenance needs to be done to make sure the water is being conserved.

Warren Peterson made the motion to authorize the Fountain Green Irrigation Company project in the amount of \$212,000 (85%) to be purchased in 25 years at 0% interest with annual payments of approximately \$8,500. Ivan Flint seconded the motion and it was agreed upon by the Board.

#E068 Magna Water Co., An Improvement District

Chair Taylor introduced Ed Hansen, general manager; Shawn Wall, construction foreman; LeIsle Fisher, Controller; and Don Olsen, District Engineer. Steve Wilde reported Magna Water Co. provides culinary water to about 7,100 connections, and also collects and treats sewage.

The company feels that installing a secondary irrigation system would be an excellent method of conserving its limited culinary water supply, and is therefore requesting financial assistance to install the first phase. The project is estimated to cost \$1.550 million to be cost shared at \$700,000 (45%) from the Board and \$700,000 (45%) from the Central Utah Water

Conservancy District Conservation Grant. The benefit/cost ratio of the proposed project, calculated over a 50-year life, is 1.48.

According to the Board's water service affordability guidelines, Magna residents could pay up to \$32.84 monthly for all water. The cost of water with the proposed project in place is estimated at \$41.69 per month.

The district has a water management and conservation plan in place; it also has a stepped water use overage rate and asks residents to not water landscapes from 10 a.m. to 7 p.m. The watering restrictions will need to be mandatory as a condition for funding.

Mr. Hansen said the district appreciates the Board's consideration in its project. He said one component of this project is an enhanced wetlands. The district is partnering with the high school in Magna to start a wetlands education program. Granite School District is providing a \$300,000 grant for education. He said this is going to help the community understand the importance of conservation and education. Chair Taylor asked if the district was creating a wetland. Mr. Hansen said they were enhancing a wetland.

Chair Taylor asked if the district planned to meter this secondary water system. Mr. Hansen said yes, the infrastructures are in place; all the large area users support this.

Bill Marcovecchio made the motion to authorize the Magna Water Co., An Improvement District project in the amount of \$700,000 (45%) to be repaid in 25 years at 1% interest with annual payments of approximately \$33,300. Paul Riley seconded the motion. The Board agreed.

COMMITTAL OF FUNDS

#E008 Callao Irrigation Company

Shalaine DeBernardi reported the Callao Irrigation Co. is requesting financial assistance to install an agricultural pressurized irrigation system to serve about 600 acres. The project was originally authorized for Don Anderson, Dennis Timm and Cecil Garland, three of Callao Irrigation Company's five stockholders who, because the other two stockholders were not interested in sprinkling, planned to form a new corporation. However, it has since been decided to have the Callao Irrigation Company sponsor the project as all current members approve of this project. The project is now estimated to cost \$230,000, slightly higher than authorized 2 ½ years ago. Warren Peterson declared a conflict of interest.

Cleal Bradford made the motion to commit funds to the Callao Irrigation Company in the amount of \$184,000 (80%) to be returned with annual payments of \$9,600 at 0% interest over approximately 20 years. Harold Shirley seconded the motion and the Board agreed. Warren Peterson abstained.

SPECIAL ITEMS

#E075 Spanish Fork City

Chair Taylor introduced Richard Heap, Spanish Fork City Engineer, and Sherman Hobbs, City Councilman. Dennis Strong reported Spanish Fork City is installing a pressurized secondary irrigation system to better use its current water supplies and sources. The city plans to sell bonds and obtain over \$18 million, and is requesting the Board pay costs associated with bond insurance.

Mr. Heap said the project is being bid in six phases, two phases have already been bid, two more bids will be received today and in about three weeks the other three will be received. It is hoped construction will begin by mid-April and everything installed by November of this year. He said the city will be spending about \$1 million for water meters, and is anticipating about a 25% water savings by using meters. Mr. Heap said Spanish Fork will have one of the highest water rates in Utah Valley as they will be using a step rate structure.

Cleal Bradford made the motion to provide a grant of \$125,000 to buy bond insurance for Spanish Fork City. Bill Marcovecchio seconded the motion. The Board agreed unanimously.

#D967 Springville City

Springville City requested financial assistance to install a pressurized secondary irrigation system. Because the city shows no interest in pursuing the project at this time, staff recommends the application be withdrawn.

Warren Peterson made the motion, seconded by Bill Marcovecchio to withdraw the Springville City project from further consideration by the Board. The Board agreed unanimously.

#D995 Hooper Irrigation Co.

The company requested financial assistance to replace a deteriorated concrete-lined ditch with pipeline. A loan was obtained from the state Department of Agriculture and therefore the company would like the application withdrawn. Ivan Flint made the motion to withdraw the Hooper Irrigation Company project from further consideration by the Board. Bill Marcovecchio seconded the motion and it was agreed upon by the Board.

#D999 Price-Wellington Control Board

The Board authorized \$3.925 million to help the sponsor replace 11 miles of main irrigation canal and 9 miles of laterals with a piped conveyance system. A grant from the Bureau

of Reclamation which was to provide nearly half the project's cost, however, was not approved; staff recommends the application be deauthorized and withdrawn.

Cleal Bradford made the motion to deauthorize and withdraw the application for the Price Wellington Control Board from further consideration by the Board. Paul Riley seconded the motion, and the Board agreed.

#E026 Bristlecone Water Improvement District

Chair Taylor introduced Neil Foster, Trustee and Rick Hafen, Attorney for the district, and Jean Seiler and Ron Syrett from Ruby's Inn.

The Board authorized \$935,000 for a drinking water system improvement project. Subsequent to authorization division staff sent a "letter of Conditions" outlining what must be done to sell the Board a bond and receive state funds for construction, engineering, and other expenses. Progress in completing these items has been slow, and it is evident some of the conditions cannot be met, therefore, staff recommends the application be deauthorized and withdrawn.

Neil Foster expressed appreciation to the Board for the opportunity to again comment on the project, and hoped his comments would impress upon them the necessity of working together in the future to develop an organized plan. Mr. Hafen said at this point they reluctantly concur the project should be withdrawn, however they feel it is a project worthy of consideration. He expressed appreciation to Harold Shirley and Warren Peterson for their efforts in trying to bring it into fruition. He also expressed appreciation to Larry Anderson and staff for being very professional and helpful in supplying information requested to try and meet the Board's requirements. He said the district hopes in the future they can meet again with the Board when they can better comply with the Board's requirements. Mr. Syrett of Ruby's Inn said he wanted to go on record supporting the Board's decision to withdraw the project.

Harold Shirley explained the Board's decision to withdraw the project and said there were a series of factors going into the decision. He said it didn't have anything to do with the integrity of Neil Foster or Rick Hafen, as they were both totally above board and honest, however a former employee was not. Warren Peterson said the project addressed a real need, however it got off to a bad start because of the misinformation provided the Board. He said the Board was unable to help because of the lack of a resource base and lack of sufficient water rights. He said that if in the future some of the problems are worked out and the resource base is there, the Board would reconsider the project. Mr. Shirley made the motion to deauthorize and withdraw the Bristlecone Project from further consideration by the Board. Warren Peterson seconded the motion and the Board agreed.

#E066 East Zion Special Service District

The district requested financial assistance to drill and equip a culinary water well, build a 250,000 gallon storage tank and install about 12,000 feet of transmission pipeline. Since the project is to largely serve summer residences the undeveloped subdivisions and, therefore, does not meet the board's guidelines, staff requests it be withdrawn. Harold Shirley made the motion, seconded by Cleal Bradford to withdraw the application from further consideration by the Board. The Board agreed unanimously.

#L522 Springville City

The board authorized a \$300,000 interest rate buydown loan to the city to help it build a \$1.45 million culinary water system improvement project. The city completed the facilities using another source of funding. Cleal Bradford made the motion to deauthorize and withdraw the Springville City application from further consideration by the Board. Ivan Flint seconded the motion and it was agreed upon by the Board.

#D906 Holliday Water Company

Chair Taylor introduced Marlin Sundberg, manager of the company's treatment plant. Mr. Sundberg expressed appreciation to the Board for working with the company. He said the project took a little bit longer and they were able to fund it themselves. (The Board committed \$500,000 to the company to help construct a 2.5MGD microfiltration culinary water treatment plant.) Bill Marcovecchio made the motion to decommit and withdraw the Holliday Water Company project from further consideration by the Board. Paul Riley seconded the motion and the Board agreed.

DIRECTOR'S REPORT

Director Anderson informed the Board Rick Gold has been named the new regional director of the Bureau of Reclamation's Upper Colorado River region. Rick has been acting as interim director for about 15 months. He said the Bureau of Reclamation will be celebrating its 100 years anniversary beginning June 17 and will run through the next 365 days. He said they will be working with the various water districts planning local celebrations. Mr. Anderson said the Board and staff would be happy to come and participate with them if a celebration occurs in an area close to a Board of Water Resources meeting. He said there would be an invitation-only celebration on June 17 at Lake Mead.

Mr. Anderson said a year ago a group of Colorado River water officials tried to go to the Cienega de Santa Clara in the Mexican Delta, however it rained every day and it was impossible to get there, so they went back the first week of March and toured the area.

In the Board folder a letter to Hooper Irrigation Company regarding title insurance was included for the Board's information. The attorneys for the state approved the language included in the letter and staff hopes it meets with the Board's requirements.

Director Anderson thanked the Board members for their dedication and hard work. He said he appreciated the opportunity he has of working with them, and the interest and desire the Board has to serve the state. He also thanked the staff and said he appreciated working with them and their effort in making Water Resources a wonderful place to work. Chair Taylor also expressed appreciation to the staff. Paul Riley expressed appreciation to Director Anderson also.

OTHER ITEMS

Louise Liston expressed appreciation to division staff for being supportive the past ten years in the Wide Hollow Reservoir proposal, and explained the process the proposal has gone through; the district hopes the reservoir will soon be ready for construction.

Chair Taylor requested the Board respond to a Resolution adopted by the Utah Water Users Association relating to the legislation passed regarding the elimination of a portion of the 1/16% sales tax for water development. She recommended the Board either indicate approval of the resolution, or adopt their own resolution.

Warren Peterson stated Chair Taylor asked him to represent the Board in a Monday afternoon meeting of the state water funding boards' chairs. The charge they came up with was to come back to each of the water funding boards and ask the board to take a position in regard to whether we should be looking for new dedicated sources of funding to replace the sales tax funds or what statement, if any, the water funding boards want to take to the Governor and the Legislature.

Clyde Bunker of the Utah Water Users Association asked Mr. Peterson to draft a resolution stating the Water Users position on the Legislature taking \$10.0 million in sales tax funds. Mr. Peterson said the resolution up to where it says "Now Therefore Be It Resolved" says what he wanted it to say, however he didn't recommend it to be approved as the Board's position. Mr. Peterson gave suggestions for the Board's resolution, and made a motion, seconded by Cleal Bradford to prepare a resolution stating the Board's position. After considerable discussion, the Board talked about the possibility of preparing a joint letter to the Governor from the four funding boards expressing their feelings regarding the elimination of some of the water development funding and what other funding options might be available, in place of a resolution. Mr. Peterson withdrew his motion.

Paul Riley made a motion, seconded by Cleal Bradford that a joint letter be prepared outlining the various water funding boards' position regarding the 1/16% sales tax funding. The Board agreed unanimously.

Chair Taylor asked the Board to meet the afternoon of April 18th prior to the April 19th Board meeting to discuss the availability of funds. The working meeting will be held at 12:30 p.m. with lunch provided.

Meeting adjourned at 11:20 a.m.

Approved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

January 25, 2002

Room 314, Utah Division of Water Resources
Department of Natural Resources
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
January 25, 2002

The Board of Water Resources met in a briefing session on January 25, 2002, at 10:00 a.m. in Room 314 at the Utah Division of Water Resources.

The following people were in attendance:

BOARD MEMBERS

Lucille Taylor
Warren Peterson
Ivan Flint
Brad Hancock
Cleal Bradford
Harold Shirley
Paul Riley

Not Present

Bill Marcovecchio

STAFF MEMBERS

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Lloyd Austin, Assistant Director
Steve Wilde, Chief, Investigations
Nancy Fullmer, Administrative Secretary
Val Anderson, Engineer
Todd Adams, Chief, Hydrology and Computer Applications
Boyd Phillips, Engineer/Contracts

VISITORS

Norm Johnson, Assistant Attorney General
Sherm Hoskins, Department of Natural Resources
Joe Knox, Stewart Water
Rod Dean, Stewart Water
John Mabey, Attorney with Stewart Water
Nancy Frandsen, Stewart Title
Jonathan Buss, Stewart Title

Chair Lucille Taylor called the briefing meeting to order and welcomed everyone. She praised Director Anderson for being quoted in an article about Salt Lake Valley in the latest edition of the National Geographic Magazine.

TITLE INSURANCE

Director Anderson said he invited a group of people to the briefing meeting to talk about title insurance for water. He said Norm Johnson, from the Attorney General's office, was present and available to answer the Board's questions.

Joe Knox from Stewart Water introduced the people he brought with him representing Stewart Water and Stewart Title -- Rod Dean, John Mabey, Nancy Frandsen, Jonathan Buss. Mr. Knox said they appreciated the opportunity to meet with the Board members; they met earlier with Norm Johnson. Mr. Knox reviewed the information his firm prepared that was placed in the Board folders under the Director's Report section.

After listening to Mr. Knox, the Board members asked questions about security and water rights that are encumbered. Director Anderson said in the past sponsors have hired an attorney to opine the sponsors' water rights are free and clear and can be transferred to the Board. The title company would be responsible to do the research and provide title insurance to the Board in place of the attorney's opinion on the water rights. Norm Johnson said the Board is just as well off with title insurance; it would be a choice of the sponsors. They will not be told they have to buy title insurance.

There was a question about the procedures for the abandonment and forfeiture of water rights. Director Anderson said the Board only takes title to the water rights of the project; the same issues would arise with a legal opinion from an attorney. There was a discussion about whether or not the Board's statute, rule and/or guidelines would need to be changed to allow the Board to accept title insurance.

Warren Peterson made a motion that the Board allows title insurance as an option to an attorney's opinion. Cleal Bradford and Paul Riley seconded, and the Board unanimously agreed. Chair Taylor said she is concerned about the details of a policy, including exclusions and limitations. The Board will need to have a way to protect itself in each case.

Mr. Peterson expressed concerns about the priority date of the water rights being insured. Mr. Knox said they would not be insuring the water would be in the stream; but his firm could look at the wording of taking title to the "paper water" instead of "wet water". Mr. Peterson also asked about the easements and title to the facilities being included in the policy since the Board takes title to the water rights, easements and facilities.

After further discussion, Warren Peterson made a motion to ask staff and the Board's attorney to prepare proposed language accepting title insurance or an attorney's opinion. Paul Riley seconded and the Board passed the motion unanimously.

Director Anderson said staff thinks the language could be included in the letter of conditions and/or feasibility report. Norm Johnson said it could be considered as a change of business practice. The Board members said they would like to see a sample letter containing the new language for information purposes only, since they approved the concept of accepting title insurance or an attorney's opinion. Director Anderson said staff would be instructed to send copies of the letters with the new language to the Board members.

DISCUSSION OF PROJECTS

Steve Wilde said wording on page four of the Hooper Irrigation Company feasibility report should be changed from "benefactors" to "beneficiaries". Ivan Flint explained the proposed project was a portion of the Weber Basin Water Conservancy District's proposed secondary irrigation project, but the irrigation company decided to do this portion itself. The Weber Basin project is still viable without this portion. He said he looked at the entire project with the staff engineer and the irrigation company, and it looks like a feasible project and they are following the same guidelines as Weber Basin was going to use. He cautioned them about the escalating costs of power expenses.

Steve said the company was requesting authorization for the entire project, but it would be built in phases. They want the entire project authorized as the Board has done for other project sponsors then they will come back to the Board for committal of funds in separate phases.

Warren Peterson said on page 7, item 7 should be changed to a rule rather than an ordinance because it is a private company. There was a discussion about water meters. Staff said they have not found a cost-effective meter that works with "dirty water".

Steve Wilde said Val Anderson has worked on the Midway Irrigation Company's project. It was originally a three-phased project but it is now a two-phased project. The sponsor wants authorization for phase two since the Board only authorized the first phase. Phases one and two total \$9.7 million, which is less than the original cost estimate of \$16.0 million. The excavation through the pot rock wasn't as expensive as they thought, and they incorporated some existing irrigation systems into the project. Director Anderson asked if the irrigation company had received a grant from the Olympic Committee. Lucille Taylor said they would receive the \$1 million grant after the Olympics. Steve Wilde said staff reviewed the previous minutes, and the Board stated the \$1 million grant should be used to reduce the Board's share of the project. The company plans to ask the Board to allow them to use that money as part of their cost sharing and for other expenses they have incurred. Director Anderson reminded the Board members about their tour of the project area and seeing the pot rock excavating.

Mr. Wilde said the Town of Brian Head was requesting financial assistance to upgrade and improve its culinary water system. He said the funds the town received from the Board about ten years ago should be repaid by 2019. Director Anderson said it was difficult to determine the median adjusted gross income of the residents so staff could not determine the exact amount the residents could afford to pay for water. Staff recommends the Board require the sponsor to repay the loan at 5% interest.

Warren Peterson said the Leamington Irrigation Company was ready for committal of funds, but he told the president of the company that he did not need to attend the Board meeting since the project was the same as the Board authorized.

Harold Shirley said the new application from the East Canyon Special Service District did not meet the Board's requirements and will not be presented for authorization.

Dennis Strong said the Board should emphasize the availability of funds for any project that is authorized at the Board meeting. The Board may be out of funds until March 2003 since the repayments due in March 2002 are basically spent. Staff will not know the outcome until the end of the legislative session in March.

Warren Peterson said he has talked to several key legislators regarding the 1/16% sales tax. They said the Governor cannot take the money from the Board unless there is a bill introduced that says the sales tax money will no longer be given to the Board. The Board members said they would oppose any bill that takes away the 1/16% sales tax from the Board.

Mr. Peterson talked about the Board's funds that are carried over each year. He said some of the legislators have questioned the carry over. Dennis Strong said the funds have been committed but the checks haven't been submitted and cashed. Director Anderson explained the Board receives the interest on the money so staff waits until the sponsors submit claims for the money for projects under construction so the fund never gets down to a \$0 balance. Dennis keeps a spreadsheet showing the funds that have been committed and spent.

Director Anderson invited the Board members to attend the budget hearing on Wednesday, January 30, at 2:00 p.m. in Room 304 at the State Capitol Building.

CLOUD SEEDING

Director Anderson asked Todd Adams to give an update on the cloud seeding program. Todd handed out a summary sheet showing the current cloud seeding project areas. He said the current program included the Northern Utah Project, Tooele County, West Uintas, and Central/Southern Utah. As of last week, they had seeded about seven storms. They are not getting the storms they need to seed.

Dennis Strong said if the money the Board committed for cloud seeding is not entirely spent, the funds will be returned to the Revolving Construction Fund.

NEXT MEETING

Director Anderson said the next Board meeting would be held on Thursday, March 14, in St. George in conjunction with the Utah Water Users' Workshop. He told the Board members to let Nancy know what reservations they needed.

OTHER ITEMS

Chair Taylor reported on the Central Utah Water Conservancy District Board meeting she attended. She said scoping meetings for the Utah Lake system would be held on February 27 in Provo and February 28 in West Jordan. She also reported on the problems being encountered with the Diamond Fork Tunnel construction and said construction has been stopped until the plans can be revised.

Director Anderson referred to a letter in the Board folder from Hugh Thompson to Don Christiansen indicating the Department of Natural Resources will be the cooperating agency instead of the individual divisions, and Milo Barney was identified as the contact person for the department to provide comments and coordination for the Utah Lake system.

The briefing meeting adjourned at noon.

Approved
MINUTES
BOARD OF WATER RESOURCES MEETING
January 25, 2002

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the December 14, 2001 meetings were approved as prepared. page 1
2. The Hooper Irrigation Company project was authorized at \$16.575 million (85%), subject to availability of funds. Financial assistance is to be repaid at between 3% and 5% interest depending on the proportion of agricultural and municipal benefit, and individual beneficiaries ability to repay determined at the time funds are committed. page 3
3. Phase II of the Midway Irrigation Company project was authorized in the amount of \$2.414 million (71%) to be returned at 2% interest in 19 years with an escalating repayment schedule. The company is allowed to use the \$1 million SLOC grant as part of its cost share. page 4
4. The Board authorized the Town of Brian Head project in the amount of \$1.7 million (85%) to be repaid in 18 years at 5% interest, subject to availability of funds. The interest rate and length of years will be determined at the time of committal of funds. page 5
5. Funds were committed to the Leamington Irrigation Company in the amount of \$68,000 (85%) to be purchased with annual payments of \$3,700 at 0% interest over approximately 19 years. page 5
6. Charles Holmgren was reappointed as the Lower Bear River Commissioner and Joseph Larson was reappointed as the Lower Bear River Alternate. page 5

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, January 25, 2002 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Lucille Taylor presided over the 1:00 p.m. meeting.

BOARD MEMBERS:

Lucille Taylor
Warren Peterson
Brad Hancock
Harold Shirley
Paul Riley
Cleal Bradford
Ivan Flint

Bill Marcovecchio was absent

STAFF MEMBERS:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Lloyd Austin, Asst. Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Ron King, Public Affairs Officer
Eric Millis, Chief, River Basin Planning
Todd Adams, Chief, Hydrology and Computer Applications
Steve Wilde, Chief, Investigations
Lyle Summers, Chief, Water Education/Conservation
Tom Cox, Engineer
Val Anderson, Engineer
Boyd Phillips, Engineer
Russ Hadley, Engineer
Shalaine DeBernardi, Engineer
Geralee Murdock, Executive Secretary

OTHERS PRESENT:

Darren Hess, Staff Engineer, Weber Basin Water Conservancy District
Chris Hogge, Engineer, Weber Basin Water Conservancy District

OTHERS PRESENT CONT'D:

Robert W. Penman, President, Hooper Irrigation Co.
Max Hunter, Vice-president, Hooper Irrigation Co.
Korry Green, Council Chairman, Hooper City
Wayne Haws, Trustee, Hooper Water Improvement District
Richard Noyes, Hooper Town Council
Leland Hale, Chairman, Hooper Water Improvement District
Durk Bailey, Mayor, Hooper City
Scott Christiansen, Manager, Hooper Water Improvement District
Bret Fowers, Board of Directors, Hooper Irrigation Co.
Wayne Wilson, Water Master, Hooper Irrigation Co.
Kurt Fowers, Hooper Irrigation Co.
Theo G. Cox, Director, Hooper Irrigation Co.
Jack Lowe, Lowe Subdivision, Hooper Irrigation Co.
Don Lowe, Lowe Subdivision, Hooper Irrigation Co.
Lorene Bingham, Hooper Irrigation Co.
J.D. Bingham, Developer, Thomas Lowe Subdivision
Vicky Fowers, Hooper Farm Bureau
Robert Fowers, Council, Hooper City
Tracy Allen, Project Engineer, J-U-B Engineers

Steve Farrell, President, Midway Irrigation Co.
Ross Wilson, Project Manager, J-U-B Engineers
Joseph T. Donbeck, Jr. Attorney, Midway Irrigation Co.

H.C. Deutschlander, Mayor, Town of Brian Head
Grey Fairbanks, Public Works Director, Brian Head Town
Doug Nielsen, Funding Specialist, Sunrise Engineering
Alden C. Robinson, Sunrise Engineering, Inc.
Travis Taylor, Project Engineer, Sunrise Engineering
John Chartier, P.E. Project Engineer, Sunrise Engineering
Judd Lawrence, Engineer, Bingham Engineering

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
January 25, 2002

Chair Taylor welcomed everyone to the meeting

APPROVAL OF THE MINUTES

Warren Peterson made the motion, seconded by Paul Riley to approve the minutes of the December 14, 2001 meetings as prepared. The Board agreed unanimously.

CHAIR'S REPORT

Chair Taylor turned the time over to Warren Peterson, vice-chairman. Mr. Peterson quoted Will Rogers, "I don't write humor, I just watch government and report the facts." Brad Hancock informed the Board of the Uinta Basin Water Conference being held the 29th and 30th of January. All are invited to attend.

WATER SUPPLY REPORT

Randy Julander reported snowpack in the northern half of the state is in the 85% range; last year this was the driest area of the state. The rest of the state is in the 60% range except the Escalante and the Virgin River basins, which are well below normal. The bulk of the snowpack came the two weeks around Thanksgiving and the first of December. We need to receive about 125-130% of snowpack in the north, 140-150% further south and in the Virgin and Escalante basins over 200% of average to get to normal by April 1.

Overall reservoir storage throughout the state is well below average with the exception of Strawberry Reservoir which has been filling continually. The 90 day temperature forecast is for above normal; this could cause an early melt and runoff.

Paul Riley asked if the NRCS had received more soil moisture gages. Mr. Julander said they had, and appreciated the Board's assistance in writing letters in their behalf.

FEASIBILITY REPORTS

#E060 Hooper Irrigation Company

Chair Taylor introduced Robert Penman, president; Max Hunter, vice-president; Leland Hale, Chairman of the culinary water board; Durk Bailey, Mayor of Hooper; Scott Christiansen, manager of Hooper Water Improvement District; Bret Fowers, Board of Directors; Wayne

Wilson, Watermaster; Kurt and Vicky Fowers, Hooper; Theo Cox, Hooper Irrigation; Jack Lowe, Lowe Subdivision; Lorene Bingham, Hooper pressure irrigation project; J.D. Bingham, developer for Thomas Lowe Subdivision; Don Lowe, Korry Green and Richard Noyes, Hooper Town Council; Wayne Haws, Hooper; and Tracy Allen, project engineer for J-U-B Engineers. Russ Hadley reported the irrigation company provides irrigation water to about 11,700 agricultural acres and 700 acres of residential lawns and gardens. The water travels through a series of open earth and concrete-lined ditches and some low pressure concrete pipelines. The unlined ditches are inefficient and seepage from the ditch system has caused some septic system drainage fields to back up and migrate into surface water, contaminating it.

The company is requesting financial assistance to construct a four-phased pressurized irrigation system to serve agricultural and residential users. The estimated cost is \$19.5 million. The first phase of the project will consist of a regulating reservoir, pump station, and about 11 miles of pipeline to serve farms and residences in and around Hooper. About 1800 acres will be put under pressurized irrigation, equally divided between agricultural and municipal. J-U-B Engineers will provide design and construction.

The overall project will replace most of a project previously authorized by the Board for the Weber Basin Water Conservancy District (WBWCD). Negotiations between the company and the district were terminated as the company did not want to relinquish its water rights. The company and the engineer feel the project can be constructed more economically if it is sponsored by the irrigation company.

Based on the Board's affordability guidelines, Hooper residents could pay up to \$54.79 per month for all water service. They're currently paying \$45.39 per month for culinary water and about \$42 per year for irrigation water per home. The company presently plans to charge all residential and agricultural users a \$700 connection fee, plus \$25/month/share to pay for the proposed project. The benefit/cost ratio is 1.25.

Max Hunter, vice-president of the irrigation company, thanked Mayor Bailey and Lee Hale, chairman of the culinary water board for attending the Board meeting. He said they had a good relationship in the community and these gentlemen came to the meeting showing support for the irrigation company. Mr. Hunter informed the Board of the history of the irrigation company. He said a year ago the company met with the homeowners and 87% of them voted to proceed with the project. He said they currently have 30% of the company's irrigation system in land occupied by homes and subdivisions; flood irrigation does not work in subdivisions. This project will conserve water. He thanked the Board for their consideration of the Hooper Irrigation Company project. He gave the Board a letter signed by the Hooper Irrigation Company Board of Directors indicating support of the project.

Tracy Allen said they were going to control the usage of water by connection sizes. A 1" connection for a one-acre lot is adequate. This should keep the cost down. The company also will not allow watering during the 10 a.m. – 6 p.m. period.

Ivan Flint explained the relationship between Hooper Irrigation Company and the Weber Basin Water Conservancy District. He stated the irrigation company said they would rather

build their own secondary water system using their own water. WBWCD was acceptable with that, but still plans to go ahead with the remainder of that project. He said he had toured the project and made a motion to authorize the Hooper Irrigation Company project with the Board of Water Resources share being \$16.575 million (85%). Financial assistance is to be repaid at between 3% and 5% interest depending on the proportion of agricultural and municipal benefit, and individual beneficiaries ability to repay determined at the time funds are committed. Chair Taylor said he needed to include "subject to availability of funds". Cleal Bradford seconded the motion.

Mayor Bailey said the original proposal indicated the interest rate would be from 1-5%, and the final proposal said 3-5%. He said they would be having a sewer project on the heels of the secondary water project and asked the Board to keep that in mind when the decision is made regarding interest rate and repayment. He also informed the Board he thought the communities in the unincorporated areas in the north are interested in doing additional projects in the future rather than WBWCD doing the rest.

Lee Hale, culinary water board chairman, said he had been working on the project for about six years to help alleviate the impact on the city's culinary water. He explained the history of the proposed project and the importance of a secondary water system. Director Anderson said he was happy to hear Mr. Hale's remarks and hoped the city would pass an ordinance that citizens cannot water out of the culinary system. He then explained the process that would occur before committal of funds can take place.

Chair Taylor called for a vote on the motion. The Board agreed unanimously.

#E064 Midway Irrigation Company

Chair Taylor introduced Steve Farrell, president; Joseph T. Donbeck, attorney; and Ross Wilson, project manager, J-U-B Engineers. Val Anderson reported in June 1997 the Board authorized \$12.8 million for a three-phased pressurized irrigation project in the agricultural areas of Midway. In October, 1998 the company met with the Board to request committal of funds for Phase I which had grown to include 42,000 additional feet of pipe to create a pressurized lawn and garden irrigation system in Midway. The three-phased project was then changed to two phases. The Board agreed to the increased Phase I cost of \$6.3 million and also agreed to provide 85% of the costs, instead of the 80% agreed to at authorization, with the understanding that when all phases of the project are complete the Board's cost share will be 80%.

Phase I included the installation of pipeline to the Olympic cross country and biathlon venue. The sponsor will obtain a \$1 million grant from the Salt Lake Olympic Committee after the Olympics. The Board made it clear when funds were committed the \$1 million should be used to reduce the company's obligation to the Board.

The company's requesting financial assistance to construct Phase II by installing 34,000 feet of 24-42-inch transmission pipeline, and constructing a 40 acre-foot regulating reservoir. J-U-B will do the final design and construction engineering.

The size and cost of the overall project have decreased as a result of the company being able to incorporate several existing irrigation systems into the Phase I system, and by requiring each new subdivision to install its own pressurized irrigation system. The total project cost of both phases has been reduced from \$16.0 million to \$9.7 million.

Steve Farrell expressed appreciation for the opportunity to appear before the Board. He also thanked staff and especially Val Anderson for their efforts. He said the first phase went into operation last year, and during the drought it worked amazingly well. The company obtained a line of credit for \$1 million to be repaid with the SLOC grant, and has spent \$500,000 so far. Larry Anderson asked if they were willing to use the \$500,000 remaining to reduce the company's obligation to the Board. Mr. Farrell said they would like to use it as part of the company's cost share.

Cleal Bradford made the motion to authorize Phase II of the Midway Irrigation Company project in the amount of \$2.414 million (71%) to be returned at 2% interest in 19 years with an escalating repayment schedule. Paul Riley seconded the motion. Chair Taylor said something was overlooked in the last motion and asked Mr. Bradford to rephrase the motion to be voted on again. Mr. Bradford restated the motion, with the addition the company is to be allowed to use the \$1 million SLOC grant as part of its cost share. Mr. Riley seconded the motion, and it was agreed upon by the Board.

#L541 Town of Brian Head

Chair Taylor introduced H.C. Deutschlander, mayor; Grey Fairbanks, Public Works Director; Doug Nielsen, Alden Robinson, Travis Taylor, and John Chartier, Sunrise Engineering; and Judd Lawrence, Bingham Engineering. Shalaine DeBernardi reported Brian Head provides culinary water from springs and wells to 130 houses and 1060 condominium units, hotel rooms, and commercial establishments. The system has some pipes too small to carry required flows at adequate pressures, pipes that leak, inadequate pumping capacity, areas where pressures are too high, an inefficient chlorination system, and no automated system for operating the entire network of wells, pumps, and tanks. Brian Head is requesting financial assistance to upgrade and improve its culinary water system by redeveloping several springs, reequipping a major well, replacing small and leaky pipes, installing new pipelines, renovating existing pressure regulating stations and installing new ones, adding automated chlorination stations, and installing a radio telemetry system. Bingham Engineering will provide design and construction engineering services. The project is estimated to cost \$2 million.

Based on the Board's current water service affordability guideline residents can pay up to \$25.24 monthly for water; the proposed project will be \$36.72 cost/connection/month. Last October Brian Head raised its monthly water rates for homes, condominiums, and hotel rooms by 50%, to \$36.00; commercial rates were raised to \$66.00 monthly.

The Board provided financial assistance in 1979 and in 1993 for various culinary system improvements and for snowmaking development. The financial assistance will be repaid in 2019.

Mr. Fairbanks said about 2-2 ½ years ago the company asked Sunrise Engineering to come up with a master water plan to try to determine what direction they should proceed or what problems may arise. They wanted to get ahead of the curve instead of always playing catch-up. He said they questioned whether they were receiving maximum production from a couple of springs above the town of Brian Head, and also the system installed in the 70's was not in the year 2000 approved style and water was being lost from it. He said the reason they wanted to redevelop the springs was to capture more gravity water and save on pumping costs.

Mr. Nielsen said the payback terms were such that there would not be any funds available for any emergency situation or future development; he requested the length of the payback and the interest rate be reconsidered before committal of funds. Director Anderson said because of the transient nature of Brian Head it is virtually impossible to tell what the appropriate repayment is or what the ability to repay is. He said staff was comfortable with the 5% interest and 18 years payback, however it does take the city's reserves; the city will have to do something with the rate structure to create the reserves. He said the proposed project was being constructed for the tourist population, and the hotels and motels may have to raise their rates.

Harold Shirley made the motion to authorize the Town of Brian Head project in the amount of \$1.7 million (85%) to be repaid in 18 years at 5% interest, subject to availability of funds. The interest rate and length of years may be considered at the time of committal of funds. Warren Peterson seconded the motion, and it was agreed upon by the Board.

COMMITTAL OF FUNDS

#E063 Leamington Irrigation Company

The Leamington Irrigation Company is requesting financial assistance to replace a ditch with 3,700 feet of 21-inch PVC pipeline, and construct two concrete transition structures and eight turnouts. The project is estimated to cost \$80,000. Warren Peterson declared a conflict of interest. Paul Riley made the motion to commit funds to the Leamington Irrigation Company in the amount of \$68,000 (85%) to be purchased with annual payments of \$3,700 at 0% interest over approximately 19 years. Ivan Flint seconded the motion and the Board agreed. Warren Peterson abstained.

REAPPOINTMENT OF BEAR RIVER COMMISSIONERS

Larry Anderson said it is recommended the Board reappoint Charles Holmgren as the Lower Bear River Commissioner and Joseph Larson as the Alternate. He said they should have been reappointed in 2001. Paul Riley made the motion to reappoint Charles Holmgren as the

Lower Bear River Commissioner and Joseph Larson as the Lower Bear River Alternate. Cleal Bradford seconded the motion and it was agreed upon by the Board.

DIRECTOR'S REPORT

Larry Anderson handed out a copy of "Water for Utah" to the Board members. He said this report was handed out to the Legislature. It was prepared by Dennis Strong and Boyd Phillips explaining what has been accomplished at the Division of Water Resources.

Director Anderson said the representatives from each of the seven basin states are meeting frequently to talk about the Colorado River Delta. He explained what is going on between the basin states and the country of Mexico regarding water for the Delta.

Eric Millis provided the Board information regarding the bills before the Legislature that relate to water issues.

Director Anderson said the Governor will present his State-of-the State message next Monday. The Governor is going to talk about his 1000 day plan. The division was invited to meet with the Governor's staff to discuss what the division intends to do during the next 1000 days in water development for infrastructure and water conservation. He advised the Board to listen to the Governor's speech as he may re-emphasize conservation and the importance of having an adequate water supply for the future for the citizens of the state.

Meeting adjourned at 3:07 p.m.